

Immortal (as long as political leadership is weak): The survival of Japanese government agencies 2001-2022

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The survival of Japanese government agencies 2001-2022***

By Ayako Nakamura

Abstract

The post-war Japanese government was modernized according to the Westminster model, and, from 2000, began to reform its public agencies—known as “Incorporated Administrative Agencies” (IAAs)—in-line with the New Public Management model that was gaining global traction at the time. Despite the Western origin of such reforms, Japan’s political-administrative institutions have some unique features that set them aside from their Western counterparts while having parallels with other Asian countries. Therefore, we argue that it is essential to analyze how these local institutional factors affect organizational change inside government agencies in order to widen our understanding of transition in government bodies beyond Western contexts.

Accordingly, this study addresses the following research questions: 1) What are the major forms of organizational transition in the case of Japan’s IAAs? 2) What are the major factors that determine their survival/death? 3) How do non-western features of government affect agency transition? 4) What is the role of political leadership in this context? To answer these questions, we developed a survival dataset of IAAs from 2001 to 2022, which includes key political and administrative variables. Our analysis suggests that political leaders (i.e., prime ministers) tend to pursue non-structural cosmetic transitions of agencies, such as renaming/rebranding, as part of broader public service reform packages. However, political longevity is an essential factor here, since leaders whose tenure is short tend to make little or no impact. Our findings shed light not only on the internal workings of the Japanese government, but also on the importance of local political realities in shaping patterns of agency transition, thus helping to broaden the scope of the research in this field beyond Western contexts.

Keywords: Agency reform, government agency transitions, political commitment

Introduction

Kaufman (1976) famously described government agencies as “immortal,” suggesting that their continuation is assured once established. His study of U.S. agencies demonstrated that public organizations tend to be more enduring than private businesses. However, more recent studies have challenged this conclusion, arguing that public organizations are more likely to be terminated (Boin et al., 2010; Peter & Hogwood, 1988; Lewis, 2002; 2004). The U.S. system of government is somewhat peculiar among Western democratic states, and subsequent research has tended to examine the lifecycle of agencies in parliamentary systems. Studies conducted over the last two decades have confirmed that government agencies, particularly those established through New Public Management (NPM) reforms, are far more likely to be terminated than was traditionally thought (Greasley & Hanretty, 2014; James et al., 2015; Yesilkagit, 2021). A major focus of these studies is the influence of political factors on the lifespan of agencies. Many researchers suggest that government turnover, changes in the ruling party, and ministerial shifts increase the likelihood of agency termination. At the same time, the functions and types of agencies are also associated with the risk of termination.

Nonetheless, these findings are largely confined to democratic countries with two-party or multi-party systems, where changes in the ruling party occur regularly. In contrast, there is limited research on countries where government turnover is infrequent, or where one party dominates within a democratic system. A significant number of countries, such as Japan, Singapore, and South Africa, feature single-party dominance within a multi-party democratic system. These institutional characteristics may lead to different styles of political leadership, making it essential to explore the effect of such political factors on agency termination in countries where government turnover is rare or irregular. With this context in mind, this paper aims to identify the key political and institutional factors that influence government agency transitions within a one-party dominant system, such as Japan. Japan's political-administrative institutions possess two unique features that distinguish them from their Western counterparts while showing similarities with other Asian countries. First, post-war Japanese politics has been dominated by the Liberal Democratic Party (LDP). Second, despite the LDP's dominance, individual political leadership is generally weak, and high turnover among cabinet-level ministers has been normalized for a long time.

Despite Japan's distinctive political-administrative system, the global diffusion of New Public Management (NPM) led the Japanese government to establish executive

agencies known as Incorporated Administrative Agencies (IAAs) in 2001. This development offers a unique opportunity to examine the mortality of government agencies in a non-Western context. This paper addresses the following questions: What are the major factors determining the life or death of these government agencies? What are the primary forms of organizational transition in Japanese government agencies? How do non-Western government characteristics impact agency transitions, and what role does political leadership play?

To explore these questions, we compiled survival data for 181 IAAs from April 2001 to March 2022. The dataset includes each organization's start and end dates to measure the lifespan, along with key political factors as an independent variable and policy functions, parent ministries, and major financial information as control variables. The structure of this paper is as follows: the following section reviews the key literature on agency survival and transition, as well as the theory on political commitment, and proposes three testable hypotheses based on this literature; the next section explains the methodological strategies and data used; and the third section presents the analysis and results, followed by a discussion and conclusions.

Agency survival literature: organizational changes and political commitment

Agency survival theory: defining termination

Kaufman (1976) proposed a theoretical framework for identifying organizational changes within government, using biological terms to describe events such as the establishment ("birth") and termination ("death") of agencies. This innovative approach to understanding organizational change in government agencies has influenced subsequent studies on governmental organizational changes, particularly in the contexts of New Public Management (NPM) and post-NPM reforms (Boin et al., 2010; James et al., 2015; Greasley and Hanretty, 2014; Kleizen & MacCarthaigh, 2023; Kuipers et al., 2018; Yasilkagit, 2021).

Greasley and Hanretty (2014) suggested that studies on organizational changes to agencies can be divided into two key agendas, each with its own corresponding methodology: (i) describing forms of agency termination within the broader process of organizational change inside state government using descriptive statistics, and; (ii) identifying the factors leading to the termination of agencies using inferential statistics.

Studies that focus on describing the forms of agency termination within the broader context of government organizational change contribute to the classification of agency deaths in relation to government policy objectives. In the context of NPM-oriented public service reforms, such studies have helped identify the increasing number of ways government organizations may be terminated.

For instance, in their “Mapping the Irish State” project (2007-2010), Hardiman, MacCarthaigh and Scott classified various types of organizational change: birth, secession, absorption, splitting, merger, transfer of function, replacement, nationalization, privatization, transfer from subnational organization, transfer to subnational organization, and full organizational death (Hardiman & Scott, 2012; MacCarthaigh, 2012; 2014). This classification system has since been adopted in other European studies, such as Nakrošis and Budraitis's (2012) research on organizational changes in Lithuanian agencies between 1990 and 2010. These descriptive studies raised an essential question about how we define “terminations” of agencies: for example, should “cosmetic” changes to organizations, such as renaming or the adoption of new logos, be identified as death or continued living? MacCarthaigh (2012) classified such changes as “replacements,” meaning that, for example, the act of renaming entails replacing the old organization with a new one. On the other hand, Nakrošis and Budraitis (2012) excluded simple changes of names and symbols from their analysis of agency terminations since, in their view, such alterations tend to reflect organizational formalities without necessarily entailing any structural changes. Likewise, James et al. (2015) discounted simple name changes for similar reasons in their study of the factors leading to the terminations of UK executive agencies. However, in their empirical case study of Dutch government agencies, Kuipers et al. (2018) argue that name changes sometimes entail changes in policy direction, often in response to proposals by political leaders, thus highlighting the possibility that what at first appear to be surface-level changes in fact reflect deeper organizational shifts.

Although there are ongoing philosophical and theoretical discussions about what is meant by the “life” and “death” of agencies, it is preferable for our purposes to focus on the methodological side of this field, which provides much simpler and more practical definitions of agency termination. Recent major studies on agency termination have aimed to explore the relationship between agency transitions and political control (Bach & Veit, 2018; Chen et al 2019; 2023; Fleischer, 2023; James et al., 2015; Lim, 2021; Kleizen & MacCarthaigh, 2023; Yasilkagit, 2021; van Witteloostuijn et al., 2018). Following the novel work on U.S. federal agencies by Lewis (2002, 2004), and Carpenter & Lewis (2004), these studies have commonly adopted the event history model,

particularly the survival model, to examine the relationships between political variables and agency termination. The event history model is a statistical framework used to analyze the occurrence and timing of specific events. *Event* refers to an outcome of interest at a particular point, such as death, machine failure, or employment transition, while *time* refers to the duration between a specified starting point and the event's occurrence (or the study's end in the case of censoring). If a study aims to assess the impact of political control on agency transitions, any changes, either structural or non-structural, should be counted as "events." The question of whether the termination event involves structural or non-structural features can be addressed separately after clarifying the impact of political control on the event.

Political party system and agency terminations

Existing studies assessing the impact of political control on agency transitions suggest that it is essential to consider different political systems when analyzing the influence of political control over agency terminations. In particular, party-political systems play a crucial role in developing agency survival models. The two UK-based studies mentioned in the previous section—James et al. (2015) and Greasley and Hanretty (2014)—accounted for the regular changes of government produced by the UK's political system, which is typical of parliamentary systems. In such systems, general election results do not usually lead to drastic swings in government policy direction; however, there remains some degree of polarization between the two dominant political parties. As noted earlier, the reorganization of agencies tends to be one area of government where these differences can manifest. In this type of system, political positions can be readily identified by examining party manifestos and other policy documents. Additionally, official government policy priorities are made highly visible through media reports and various channels of government communication.

Nonetheless, from a comparative perspective, many countries have historically maintained dominant-party systems, where a single political party dominates state governance by consistently winning elections, making its defeat unlikely in the foreseeable future (Pempel, 1990; Suttner, 2006). Despite this, there is a clear lack of discussion on dominant-party systems in the existing literature, and consequently, little empirical evidence to explain how executive agencies have developed in such countries (Pempel, 1990; Suttner, 2006). Therefore, selecting a relevant case study, such as Japan, would help to address this gap in our understanding.

Empirical studies of central government agencies across various European countries report frequent instances of reshuffling, restructuring, merging, or terminating agencies (Kleizen & MacCarthaigh, 2023; Jørgensen and Hansen, 1995; Van Thiel, 2011; Yasilkagit, 2021). These studies commonly find that agency restructuring occurs when the ruling party changes following an election. In particular, in established two-party systems, the incoming opposition party often implements more drastic changes to the structures established by the previous government, including its agencies. By contrast, studies in the broader field of political science highlight the advantages of dominant-party systems, which allow governments to implement policies with a longer-term perspective. As a result, organizational transitions are less frequent over shorter periods. This may offer insights into the effects of agencification. Therefore, we hypothesize that although agencies are generally more changeable than other types of government organizations in dominant-party systems, they are likely to have longer lifespans and experience fewer changes compared to those in two-party and multi-party systems. Thus, Hypothesis 1 is as follows:

H1: The risk of termination for Japanese government agencies does not increase when the opposition party takes the power.

Individual political leadership and political/organizational commitment theory

While the political party system can be a foundational factor in understanding the impact of political control on agency transitions, the effects of party politics and the individual leadership of political leaders should be considered separately, as these two factors often exhibit distinct characteristics. James et al. (2015) proposed a two-fold approach to analyzing political control: the influence of the political party system via changes in the ruling party, and the impact of political leader turnover. Their study reported that neither changes in the UK government nor partisan factors significantly increased the risk of agency terminations; however, under certain conditions, ministerial changes did increase this risk. Furthermore, the discretion of individual ministers within parental ministries can drive decisions to terminate agencies. These findings align with research on dominant-party systems, where changes in the ruling party are rare, but ministerial successions are common. Thus, by accounting for variables representing ministerial discretion from parental ministries, the agency survival model can be used to improve understanding of agency terminations in countries with dominant-party systems.

There is a notable contrast between how often the governing party and individual leaders change in Japan's political system. Post-war Japanese politics has been dominated by the Liberal Democratic Party (LDP), which first came to power in 1955 and was not voted out until 1992—this period became known as the “1955 system.” Since then, with the exception of two brief periods between 1993-1994, when a coalition of eight non-LDP parties governed Japan, and 2009-2012 (FYs 2010-2012 in Table 1), when the Democratic Party took power, the LDP has been the governing party. Thus, in Japan, a change in the ruling party is unusual. On the other hand, despite the dominance of the LDP, the individual leadership of cabinet members, including prime ministers, remains notably weak. Table 1 shows the names of prime ministers (PMs) on April 1 of each financial year, revealing that most PMs, aside from Koizumi and Abe, left office within a year. This tendency is even more pronounced at the ministerial level, where turnover is often higher than that of PMs. In some instances, multiple ministers have come and gone within a single year.

Existing studies of agency transitions and political control have not adequately explained how short tenures and high turnovers of individual political leaders influence changes in agencies. However, theories of leadership tenure and political/organizational commitment may provide a constructive framework for addressing this issue (Dal Bo & Rossi, 2011; Gabarro, 1987; Hambrick & Fukutomi, 1991; Titunik, 2016). These theories were originally developed in business studies to examine the effects of CEO tenure on their commitment to tasks, and they offer valuable insights that can be applied here. Hambrick and Fukutomi (1991) introduced a comprehensive model of CEO commitment that consists of five stages: (1) responding to mandate, (2) experimentation, (3) establishing a lasting theme, (4) convergence, and (5) dysfunction. They argue that the length of a CEO's tenure affects each stage of commitment. For example, newly appointed CEOs are typically under pressure to prove their effectiveness quickly, often lacking substantial power and legitimacy. As their tenure progresses, they become more committed to previously successful strategies and gain increasing confidence in their practices. However, after this active phase, longer tenures often lead to a narrowing of information sources and a shift toward more conservative, rigid, and change-resistant decision-making. Other studies have also highlighted the significant relationship between CEO tenure and performance, but only up to a certain point. Beyond that, the link between tenure and commitment or performance weakens (Mintzberg, 1983; Miller, 1991). For instance, longer-tenured CEOs tend to focus more on maintaining the status quo, and their influence over the organization grows, bolstered by internal alliances and their expertise.

This increased autonomy often allows them to secure their positions after the initial years, weakening the relationship between their tenure and the organization's performance (Miller, 1991).

Table 1. Prime Ministers and ruling parties **on 1st April of each year** between FYs 2001 and 2020

Financial Years*	PM Names	Ruling party	Financial Years*	PM Names	Ruling party
2001	Mori	LDP	2011	Kan	DP
2002	Koizumi	LDP	2012	Noda	DP
2003	Koizumi	LDP	2013	Abe	LDP
2004	Koizumi	LDP	2014	Abe	LDP
2005	Koizumi	LDP	2015	Abe	LDP
2006	Koizumi	LDP	2016	Abe	LDP
2007	Abe	LDP	2017	Abe	LDP
2008	Fukuda	LDP	2018	Abe	LDP
2009	Aso	LDP	2019	Abe	LDP
2010	Hatoyama	DP	2020	Abe	LDP

The concept of CEO tenure and organizational commitment has also been applied to understand the relationship between politicians' tenures and their legislative performance. Dal Bo and Rossi (2011) have analyzed how the length of politicians' terms in office affects their legislative efforts. In a natural experiment based on two cases in the Argentine Congress, where political or constitutional changes randomly assigned term lengths to legislators, they found that politicians with longer terms exhibited significantly higher legislative effort than those with shorter terms. Legislators with 4-year terms had higher attendance rates at plenary sessions and committee meetings and passed an average of 0.67 more bills than those with 2-year terms. Senators with 4 or 6-year terms also submitted more bills than those with 2-year terms.

Similarly, Titiunik (2015) examined the effects of term duration on legislative behavior using case studies from the Arkansas, Illinois, and Texas Senates in the U.S. The findings revealed that senators serving 2-year terms were more likely to decline votes, introduce fewer bills, and were no more responsive to constituents than those serving 4-year terms. Moreover, senators with shorter terms raised and spent significantly more money, particularly in states where funds could be raised continuously during the

legislative term. From these perspectives on leadership tenure and political commitment, it is evident that Japanese prime ministers and ministerial members do not serve long enough to make meaningful commitments, as they often leave office within a year. Therefore, Hypothesis 2.1 will be stated as follows:

H2.1: Political factors, in particular, the leadership of prime ministers, typically do not influence agency changes due to the short tenures of PMs.

Exceptionally, if prime ministers could serve multiple years, the theory suggests their commitment will increase. Thus, H2.2 follows up H2.1 as follows:

H2.2: However, the longer a prime minister's tenure lasts, the greater the risk of agency reorganization becomes.

Other factors leading to agency transitions: performance, policy function(s), and agency type.

Existing studies on government agency transitions have discussed the relationship between agency performance and termination. Qualitatively, in the context of executive agency reforms, the performance of individual agencies is ultimately monitored by their parental ministries, the cabinet, and the legislature. Thus, when performance is critically weak, it may trigger organizational changes (Carpenter & Lewis, 2004; James et al., 2015; Greasley & Hanretty, 2014; Overman & Van Thiel, 2016). Existing studies show mixed results regarding the relationship between performance and agency termination. For example, in the case of UK executive agencies, James et al. (2015) found that an agency's performance relative to its targets does not significantly affect the likelihood of termination. Carpenter & Lewis (2004) shifted the focus from objective performance to the perception of performance. Based on their study of U.S. government agencies, they suggest that an agency is more likely to be terminated when Congress acknowledges reports of poor performance. One limitation of performance information is that performance measures often fail to accurately and objectively reflect the actual performance level of each organization, and the assessment schemes are not consistent throughout the observation period. In this circumstance, financial variables, such as an agency's annual income and expenditure, may provide a more consistent alternative for evaluating performance.

Regarding the function and type of agencies, many studies suggest that an agency's policy domain and public functions can determine the likelihood of its being terminated

or not. Agency reforms have created various types of agencies. For example, the UK agency reform established different types of public agencies, such as Non-Departmental Public Bodies (NDPBs), Executive Agencies, Non-Ministerial Departments, and Advisory NDPBs. Existing studies suggest that certain types of agencies are more likely to survive than others (Bertelli & Sinclair, 2016; Greasley & Hanretty, 2014; Lewis, 2002, 2004; James et al., 2015; Yasilkagit, 2021); for example, a common finding among these studies is that advisory and regulatory organizations are more likely to survive. Additionally, an agency's policy function may influence the risk of termination. Yesilkagit (2021) examined the policy functions of Dutch agencies based on the OECD Classification of the Functions of Government (COFOG) (OECD, 2017), and found that agencies serving economic functions are more likely to be terminated and aggregated than others.

Empirical case and methodological strategies

In order to test the stated hypotheses, this study selected the Japanese executive agencies for the period April 2001-March 2022.

Overview of Incorporated Administrative Agencies between 2001 and 2022

The case of IAAs provides us with a valuable opportunity to improve our understanding of government agencies and political control in Japan. Inspired by the UK's Next Step Agencies, IAAs were introduced as part of a broader program of NPM-style public service reforms (Nakano, 2004). They are legally separate from central government administration, and their operations are governed by legislation specifically applicable to them. To ensure the quality of the services provided by IAAs, the ministers in charge initially set periodic goals for each agency, including fiscal planning and targets for efficiency and service quality.

There are two or three types of agencies with different levels of autonomy and set terms for their planning and goals. When goals are issued by ministers, IAAs are responsible for drafting term-based plans detailing how they intend to achieve these goals, which must then be submitted back to the minister for approval. Within this planning framework, IAAs are granted full discretion over how they manage their resources, but they must account for their performance outcomes to ministers and their parental

ministries. Each IAA's performance is evaluated annually by a committee established within its parental department (MIC 2009, Yamamoto 2006).

Within the Ministry of Internal Affairs and Communications (MIC), there is a committee called the "Commission for the Evaluation of IAAs and their Policies" [*dokuritsu gyousei hyoka iinkai*], which has central oversight over the departmental committees that evaluate IAAs. The commission can make recommendations to ministries regarding the management of IAAs, including restructuring agencies, terminating agencies through privatization, transferring agencies to other parental departments, and merging agencies (*ibid.*). IAAs are classified into 2-3 different types, depending on their degree of independence and the status of their staff members.

The chief executives of IAAs are appointed by ministers in parental ministries and are therefore directly accountable to them. The regulations for IAAs recommend that open competitions be held to select CEOs and inspectors who meet criteria for knowledge, experience, and managerial skills (Act on General Rules for Incorporated Administrative Agencies). Members of executive boards are appointed by chief executives, while inspectors are directly appointed by the responsible ministers. The upper management of IAAs is employed on a term-contract basis and is also subject to a performance-related pay system. However, despite the open competition system inspired by the UK's executive agencies, most CEOs of IAAs are public servants who have either retired or are on secondment from their parental ministries (Nishizawa 2007; Noguchi & Hirano 2017).

Financial independence varies for each agency. IAAs can receive two types of public funding from the government: (i) operating grants and (ii) subsidies for capital expenditures. Operating grants are calculated based on a formula for operating activities: i.e., expected operating costs minus expected earned income. Unlike budgeting for internal units of individual ministries, there are no restrictions on how IAAs can spend operating grants, provided they meet their operating objectives in line with medium-term goals and planning. Agencies may carry forward unspent balances from grants to the next financial year, and they may retain operating surpluses as special reserve funds. In some cases, agencies are able to operate on a self-financing basis from the profits they gain from service provision, as well as other related business activities.

Methodological strategies

In order to test the hypotheses stated above, a dataset was developed that includes a full list of IAAs from April 2001 to March 2022 (FYs 2001-2021). A total of 181 IAAs were identified during the observation period. The dataset first codifies the organizational

status of each agency, noting whether they were ongoing or terminated at the end of each financial year. The start and end dates for all IAAs are recorded, with the end date being right-censored if the agency was still active at the end of the study period. The form of termination was also identified for terminated IAAs, based on the categories used in the existing literature:

- **Abolition:** The agency is terminated, and its functions and activities are not transferred to any successors.
- **Replacement:** The agency's functions are fully transferred to other agencies.
- **Privatization:** The agency's functions are transferred to the private sector.
- **Acquisition:** The agency's functions are acquired by other government organizations.
- **Merger:** The agency is merged with other bodies to form a new organization within the central government.
- **Change of parental ministry:** The agency's parental ministry changes.
- **Change of organizational form:** The agency changes its form to another type of public organization (e.g., from an executive agency to a public corporation).
- **Relaunch:** The agency is reclassified into a new IAA type.
- **Name change:** The agency's name is changed.

The key independent variables include major political factors, such as the tenures of prime ministers and the ruling party. As mentioned earlier, Japan's government has been dominated by the LDP since 1955. During the years covered by this study, there was only a brief period between September 2009 and September 2011 when an opposition party, namely the Democratic Party, held power. To account for political commitment theory, the study also includes variables identifying the two prime ministers who held office for more than two years during the observed period (i.e., PMs Abe and Koizumi). Control variables that may influence the life/death events of government agencies include agency type (according to IAA classifications), policy function(s), and financial variables. Policy function(s) was coded according to the United Nations Classification of the Functions of Government (COFOG). Financial variables, including gross income and expenditures per financial year, were sourced from the annual reports and accounts of individual agencies.

Findings and analysis

The descriptive summary of agency transitions reveals the following results: the average lifespan of IAAs is 7.7 years, with a minimum lifespan of 0.99 years and a maximum of 15 years. Figure 1 presents a histogram of agency lifespans, while Figure 2 summarizes the frequency and types of termination event. termination events. However, the most common form of termination was “relaunching,” as IAAs were reclassified into new types in the 2006 and 2015 financial years.

Between April 2001 and March 2006, IAAs were originally classified as either Specific Administrative Agencies [*tokutei gyouseihojin*], which handled “highly” public tasks, or Non-Specific Administrative Agencies [*hi-tokutei gyouseihojin*], which handled other public tasks. In 2005, Prime Minister Koizumi announced a review of IAAs based on their mid-term goals, as the number of IAAs had rapidly increased from 58 to 113 between 2001 and 2005 (Cabinet Office, 2005). Some IAAs terminated in 2005 were merged or absorbed into newly created agencies in 2006; however, most were simply relaunched by changing their IAA classification. Figure 3 shows a stacked bar chart illustrating the number of agencies operating in each financial year. Of the 44 termination events in 2005, 28 agencies were relaunched in 2006, meaning they were reclassified from Specific Administrative Agencies to Non-Specific Agencies. As a result of these changes, employees of agencies reclassified as Non-Specific Agencies lost their civil servant status, and these agencies began hiring employees under non-public employee status, such as employees of public interest incorporated associations or the private sector.

A similar relaunch occurred in 2015. Starting in April 2014, the Abe-led LDP government announced organizational reforms to IAAs aimed at increasing the efficiency of government systems, and revising the relevant acts and regulations. Consequently, since April 2015, IAAs have been classified into one of three types: Administrative Executive Agencies [*gyosei shikko hojin*], which engage in highly public tasks; National Research and Development Agencies [*kokuritsu kenkyu kaihatsu hojin*] (NR&D), which engage in research and development; and Agencies Managed under the Mid-Term Objectives [*chuki mokuhyo kanrihojin*]. Agencies originally classified as Specific Administrative Agencies were relaunched as Administrative Executive Agencies. In contrast, agencies previously classified as Non-Specific Agencies were reclassified based on their function(s): research and development agencies became NR&D, and other agencies became Agencies Managed under the Mid-Term Objectives (AMMTOs).

Of these three types, Administrative Executive Agencies have the most limited autonomy, with annual terms for their goals and planning. NR&D agencies have the highest level of autonomy, with terms set every 5-7 years, while AMMTOs have more autonomy than Administrative Executive Agencies but less than NR&D agencies, with terms set every 3-5 years. The status of staff members also differs across these three types. Staff in (Specific) Administrative Agencies are civil servants with lifetime career security. In contrast, staff in other IAAs are classified as non-civil servants and subject to the conditions applicable to private-sector employees in Japan. IAA chief executives determine further details of working conditions based on whether employees are civil servants or private-sector workers.

However, whether this relaunching of IAAs under new legal classifications constitutes a structural or non-structural change remains ambiguous. On the structural side, the level of autonomy from parental ministries moderately changed during the relaunch; however, this change is more subtle compared to other structural changes, such as mergers, full terminations, or absorptions. Moreover, the annual reports and accounts of IAAs show no significant changes in their finances before and after reclassification. The central government provided the same level of grants and subsidies, and there were no substantial changes in gross expenditure or income following the relaunch. Additionally, there were no cosmetic changes following the relaunch; most agency websites did not announce their reclassifications, agency logos remained unchanged, and there was no significant turnover of CEOs.

Figure 1. Lifespan of IAAs (2001-2022)

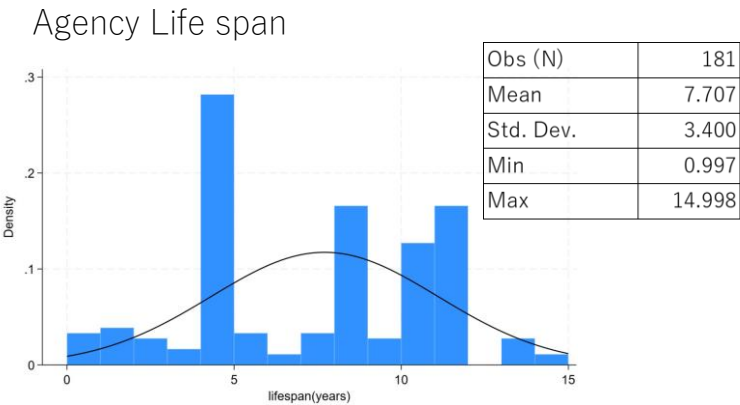


Figure 2. Forms of termination of IAAs (2001-2022)

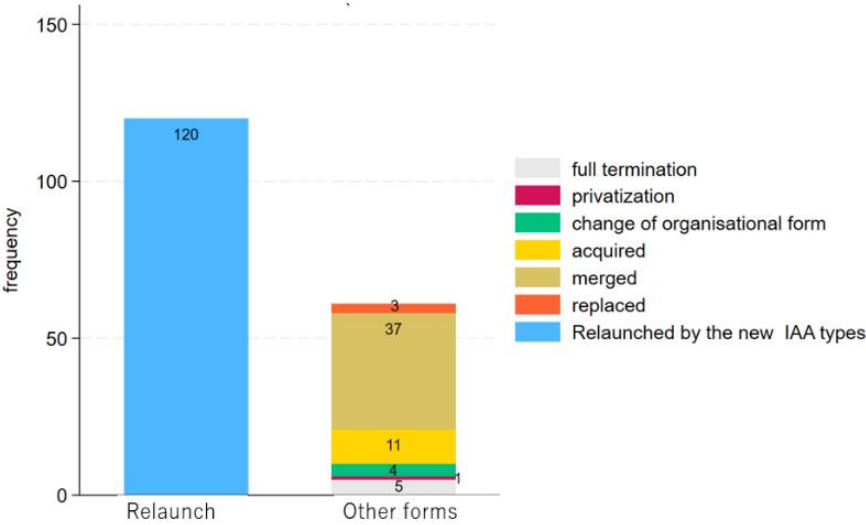


Figure 3. Trends in IAA transitions by financial year (2011-2021)

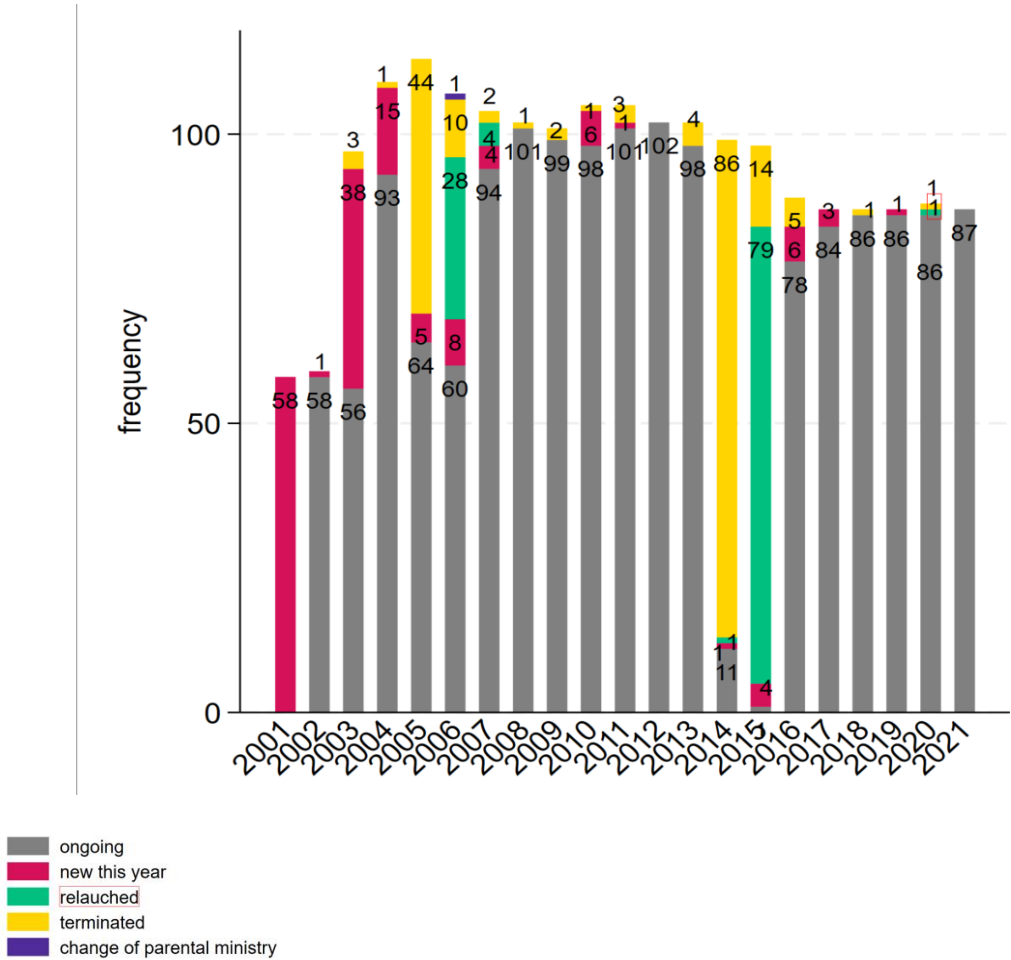


Table 2 presents the results of the Cox Regression Analysis, reporting the hazard ratios for agency termination events. We compared four different models to test the hypotheses: Model (1) includes only the key independent variables representing political factors; Model (2) adds agency-type variables based on the IAA classification to Model (1); Model (3) incorporates policy function variables based on the UN COFOG policy codes alongside Model (2); and Model (4) integrates financial variables into Model (3). In response to H1, all models show that the risk of termination did not increase when the opposition took power. We used a dummy variable to account for changes in the ruling party (0 = LDP in power, 1 = other parties in power). During the observation period, the Democratic Party (DP) held power between September 2009 and September 2011. However, the hazard ratio for the “ruling party” variable ranged between 0.01 and 0.15 ($p < 0.01$), indicating that agencies were less likely to be terminated when the opposition (i.e., DP) held power. This finding contrasts with the DP government’s 2009 election manifesto, which pledged to drastically restructure the IAAs created by the LDP government. Thus, H1 is well-supported by this result.

The data further reveals that when a prime minister’s tenure exceeds one year, the hazard ratio for agency termination increases by 1.5-1.6 times. This supports H2.2, suggesting that the longer the prime minister’s tenure, the higher the likelihood of agency termination. During our observation period, only two prime ministers (Koizumi and Abe) held office for more than two years (see Table 1). Similar to most of their LDP counterparts, the prime ministers appointed by the DP between 2009 and 2011 remained in office for around a year or less. Such short tenures may explain the DP’s failure to act on its manifesto. Figure 4 is a Kaplan-Meier survival estimate graph comparing the survival periods of IAAs under PM Koizumi, PM Abe, and other prime ministers. This shows that IAAs were terminated more quickly under Koizumi and Abe, than any other PMs, thus suggesting the substantial commitment of PM Abe and Koizumi to the agency transitions. .

Our Cox regression analysis also included two additional variables to assess the impact of the Koizumi and Abe governments on the survival rate of IAAs (i.e., dummy variables for PMs Abe and Koizumi). Across Models (1)-(4), the hazard ratio for agency termination increased to 3.80-4.3 ($p < 0.05$) when PM Koizumi was in power. Interestingly, under PM Abe, the hazard ratio was around 0.22 ($p < 0.01$), indicating that agencies were more likely to survive during his administration. This contradictory result suggests we must consider the prime minister’s tenure variable more carefully. Hambrick

and Fukutomi (1991) pointed out that the length of CEO tenure affects their commitment stages in business organizations. They propose three stages of commitment: during the initial years, leaders need time to prove their effectiveness; in the mid-term, they become more committed to previously successful paradigms and increasingly confident in their practices; however, over time, their focus narrows, and they may become less engaged with tasks (ibid). PM Abe, who held office for eight years—the longest tenure in post-war Japan—may exemplify this model, while PM Koizumi’s tenure lasted only five years. Political commitment theory thus suggests that there may be an optimal length of tenure for PMs, which, when exceeded, leads to a gradual decline in the PM’s effectiveness; this can be expected to have an impact on agency survival over the course of a long-serving PM’s tenure.

A few additional findings provide further insights into the relationship between agency termination risk, agency type and function(s). In terms of agency type, no statistically significant results were found, indicating that the legal classification of IAAs does not affect the likeliness of the agencies surviving or not. However, agencies serving “General Public Services” (COFOG code) exhibited a lower termination risk compared to agencies performing other functions (H.R. = 0.44, $p < 0.05$). Financial variables partially reflecting IAA performance were also not statistically significant.

Figure 4.

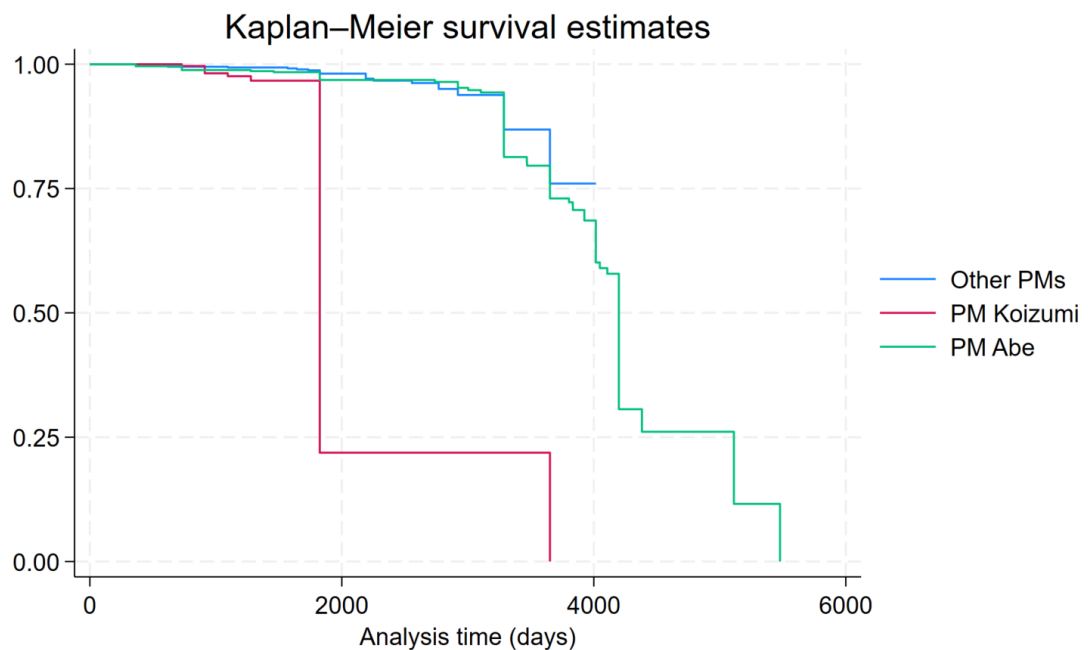


Table 2. Cox Regression Results

Survival time (_t)	(1)	(2)	(3)	(4)
	Haz.Ratio	Haz.Ratio	Haz.Ratio	Haz.Ratio
Political Variables				
pm_tenure	1.603***	1.590***	1.595***	1.620***
	(0.175)	(0.174)	(0.175)	(0.187)
pm_tenure 1 year lag	0.860	0.853	0.847	0.863
	(0.091)	(0.091)	(0.091)	(0.095)
PM Koizumi (dummy)	3.800***	4.352***	3.973**	4.201**
	(1.920)	(2.395)	(2.215)	(2.517)
PM Abe (dummy)	0.224***	0.232***	0.227***	0.218***
	(0.112)	(0.117)	(0.115)	(0.120)
Ruling Party (Base: LDP)	0.144***	0.151***	0.152***	0.092***
	(0.081)	(0.086)	(0.087)	(0.066)
Agency Type:				
Executive (dummy)		0.954	1.031	1.101
		(0.216)	(0.242)	(0.269)
R & D		1.406	1.386	1.389
		(0.561)	(0.557)	(0.648)
Policy Function (COFOG)				
Defense and Security (dummy)			1.445	1.016
			(0.867)	(0.740)
Economic Affairs			0.784	0.728*
			(0.129)	(0.124)
General Service			0.448**	0.431**
			(0.151)	(0.152)
Financial Variables				
Gross Income				1
				(0)
Gross Expenditure				1
				(0)
Observations	1718	1718	1718	1676
Pseudo R ²	0.109	0.109	0.113	0.127

Notes: Standard errors are in parentheses. *** $p < .01$, ** $p < .05$, * $p < .1$

Conclusion

This study seeks to identify the political factors that determine the survival of Japanese government agencies, where the political party system and individual political leadership differ significantly from Western contexts. The findings suggest that, contrary to existing studies, a change in the ruling party does not increase the risk of agency termination in Japan's dominant-party system. Instead, the case of Japan and its IAAs highlights how the tenures of individual political leaders influence the termination of agencies. Political commitment to agency organizational change is generally weak when the turnover of prime ministers is high, and tenure is typically short.

Our findings on the relationship between the tenures and commitment of PMs to agency transitions provide new insights into political and organizational commitment theory. Specifically, our analysis shows that longer prime ministerial tenures lead to greater commitment to organizational transitions in government agencies. Furthermore, PM Abe's long tenure suggests that, while a long tenure increases commitment to organizational restructuring, there is a tipping point after which this declines, leading to fewer restructuring efforts.

There are several limitations to this study. Firstly, it remains unclear how the termination category, "relaunching," applies to IAAs. In the Japanese case, relaunching refers to the reclassification of IAA types following revisions to the relevant regulations. While in such cases the formal level of autonomy may have moderately changed, the substantive operational functions, CEOs, internal organizational structures, and financial factors remain largely the same. Considered from a methodology viewpoint, as long as relaunching is recognized as an event in event-time analysis, this does not present a significant problem. However, from a conceptual and theoretical perspective, further discussion is needed to determine whether relaunching constitutes a structural or non-structural change to government agencies.

Additionally, this study examines the organizational transitions of IAAs since their establishment in 2001. During the observation period (April 2001-March 2022) only two long-term governments were in power, which limits the validation of political tenure and commitment during this time. To further explore the relationship between the tenure of political leaders and their commitment to organizational change, it would be beneficial to expand the scope of the case study to include central government ministries. These ministries were established during Japan's post-war period, and thus allow us to observe

the relationship between prime ministerial tenure and organizational change over a longer period of time.

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